

Message Text

PAGE 01 STATE 091978

62

ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 CCO-00 /031 R

DRAFTED BY ARA:CAR:JRBURKE:JR
APPROVED BY ACTING SECRETARY
EB: MR ENDERS
S: MR EAGLEBURGER
L: MR ALDRICH
ARA: MR KUBISCH
S/S: SRGAMMON

----- 029474

O ,32330Z MAY 74 ZFF6
FM SECSTATE WASHDC
TO USINT DAMASCUS IMMEDIATE
INFO USDEL ALEXANDRIA IMMEDIATE

S E C R E T STATE 91978

EXDIS TOSEC 209

E.O. 11652: GDS
TAGS: OGEN
SUBJECT: JAMAICAN BAUXITE
REFERENCE: EXDIS TOSEC 91
FOR THE SECRETARY AND MAW FROM EAGLEBURGER

1. CUTLER AND ROSE, THE TWO PRINCIPAL ATTORNEYS REPRESENT-
ING THE ALUMINUM COMPANIES, CALLED ME FROM KINGSTON EARLY
YESTERDAY AFTERNOON (COMPANIES ARE NOW IN THEIR "MAKE OR
BREAK" NEGOTIATION SESSION WITH GOJ). ATTORNEYS HAD JUST
COME FROM MEETING WITH JAMAICAN NEGOTIATOR MATALON WHO,
THEY SAY, HAD TOLD THEM THAT IN VIEW OF LACK OF PROGRESS
GOJ WOULD BE OBLIGED TO BREAK OFF THE TALKS AND TABLE
COERCIVE LEGISLATION IN ORDER TO OBTAIN THEIR REVENUE
DEMANDS FROM THE COMPANIES. ACCORDING TO THE ATTORNEYS,
MATALON INDICATED DIRECT MESSAGE FROM YOU TO PRIME MINISTER
MANLEY COULD DELAY SUCH DEVELOPMENT. ATTORNEYS ASKED THAT
WE COMMUNICATE WITH YOU AND THAT YOU USE YOUR GOOD OFFICES
WITH MANLEY TO PREVENT BREAKDOWN IN TALKS AT THIS POINT.

SECRET

PAGE 02 STATE 091978

2. I TOLD ROSE AND CUTLER THAT I WOULD PASS ON THEIR MES-
SAGE TO YOU. I EXPRESSED DOUBTS, HOWEVER, THAT YOU WOULD
WISH TO INVOLVE YOURSELF AT THIS TIME. I THEN MET WITH THE
ACTING SECRETARY, ENDERS, KUBISCH, AND AN L REPRESENTATIVE TO

DISCUSS THE BAUXITE NEGOTIATIONS AND THE ATTORNEYS' REQUEST
IT WAS DECIDED THAT I SHOULD CALL MATALON DIRECTLY TO

INQUIRE AS TO HOW THE TALKS WERE PROCEEDING WITHOUT MAKING
REFERENCE TO MY TELECON WITH CUTLER AND ROSE.

3. WHEN I TALKED TO MATALON, HE CONFIRMED THAT THE NEGOTIATIONS WERE CLOSE TO A BREAK-DOWN POINT. COMPANIES WERE REFUSING TO BUDGE FROM THEIR REVENUE PROPOSALS MADE LAST WEEK. GOJ ON ITS PART HAD MOVED TO SOME EXTENT, OFFERING A SLIDING SCALE OVER THE NEXT FOUR YEARS TO REACH ITS PERCENTAGE DEMAND OF 8.75 PER CENT OF INGOT PRICE STARTING AT SIX PER CENT THIS YEAR. HE SAID THAT COMPANIES HAD THREATENED LEGAL ACTION AGAINST THE GOJ, SPECIFICALLY BEFORE THE INTERNATIONAL COURT OF JUSTICE, AND THEN REALIZING THEY HAD NOT BLUFFED THE JAMAICANS, HAD PROPOSED THE INTRODUCTION OF SOME PRESTIGIOUS MEDIATOR SUCH AS SECRETARY SHULTZ, ROBERT MCNAMARA OR YOURSELF. ON KEY POINT OF YOUR INTERVENTION, HOWEVER, MATALON STATED FLATLY THAT GOJ WAS NOT MAKING ANY SUCH REQUEST. IF YOU WISHED TO DISCUSS SITUATION WITH MANLEY, PRIME MINISTER WAS, OF COURSE, ALWAYS PREPARED TO TALK, BUT IT WAS CLEAR THAT AS FAR AS MATALON IS CONCERNED GOJ IS NOT LOOKING FOR YOUR INVOLVEMENT AT THIS STAGE. AT THE CONCLUSION OF OUR CONVERSATION, MATALON SAID THAT AS RESULT OF OUR EARLIER TALKS GOJ HAD DECIDED NOT REPEAT NOT TO INTRODUCE LEGISLATION BEFORE MAY 15.

4. FOLLOWING MY CONVERSATION WITH MATALON, KUBISCH, ENDERS, ALDRICH AND I MET WITH THE ACTING SECRETARY. IN VIEW OF CONTRADICTORY SIGNALS FROM COMPANIES AND MATALON, IT SEEMS CLEAR THAT BOTH SIDES SEE YOUR POTENTIAL INVOLVEMENT AS USEFUL TO THEM, DEPENDING UPON ITS FORM AND TIMING. HOWEVER, THE GOJ IS MORE WARY FOR, AS MATALON STATED TO ME, HE IS AWARE THAT IN ANY CONFRONTATION, "BLOOD IS THICKER THAN WATER" AND THE USG WILL SIDE WITH
SECRET

PAGE 03 STATE 091978

THE COMPANIES. IT SEEMS EQUALLY CLEAR TO US THAT YOUR DIRECT INVOLVEMENT WOULD NOT BE APPROPRIATE AT THIS TIME, PARTICULARLY GIVEN OUR LACK OF A THOROUGHLY OBJECTIVE VERSION OF JUST WHERE THE NEGOTIATION NOW STANDS.

5. SUBJECT TO YOUR APPROVAL, IT WAS DECIDED WE SHOULD GO BACK TO CUTLER AND ROSE AND TELL THEM:

-- WE HAVE CONVEYED SUBSTANCE OF THEIR REQUEST TO YOU.

-- YOU HAVE AUTHORIZED US TO INFORM THE JAMAICAN GOVERNMENT THAT IT REMAINS OUR DESIRE THAT NEGOTIATIONS CONTINUE IN GOOD FAITH UNTIL SOME MUTUALLY ACCEPTABLE SOLUTION IS ACHIEVED.

-- IN THE MEANTIME, WE WOULD HOPE THAT EACH SIDE WILL
AVOID ANY ACTION WHICH MIGHT BRING ABOUT THE COLLAPSE OF
THESE TALKS.

6. WE WOULD MAKE THE SAME POINTS TO ROSE AND CUTLER FOR
THE COMPANIES AND INDICATE THAT WE APPRECIATE THEIR RE-
MAINING IN TOUCH WITH US AND WE HOPE THAT THEY WILL KEEP
THE ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS AND THE
OFFICE OF THE LEGAL ADVISER INFORMED OF DEVELOPMENTS ON A
CONTINUING BASIS AS THEY HAVE IN THE PAST.

7. FOREGOING SCENARIO IS OBVIOUSLY DESIGNED TO KEEP YOU
ONCE-REMOVED FROM NEGOTIATION WHILE RETAINING OPTION FOR
YOU TO BECOME INVOLVED SHOULD YOU CHOOSE TO AT SOME
LATER MOMENT. TALKS ARE APPARENTLY AT A CRITICAL JUNCTURE
AND EACH SIDE IS DOING ITS UTMOST TO ESTABLISH OPPOSITION'S
STRENGTHS AND WEAKNESSES. FOR NOW BEST CHANCE FOR A
SOLUTION WOULD APPEAR TO BE IN KEEPING THEM ENGAGED WITH
EACH OTHER UNDIVERTED BY PROSPECT SOME THIRD PARTY IS
ABOUT TO INTERVENE.

8. THE ACTING SECRETARY WOULD LIKE TO EMPHASIZE THAT THE
STAKES IN THIS ISSUE ARE VERY HIGH; THEY AFFECT NOT ONLY
THE PRICE OF BAUXITE AND ALUMINUM BUT CAN ALSO HAVE
SERIOUS REPRECUSIONS ON THE PRICES OF OTHER PRIMARY
PRODUCERS AROUND THE WORLD. RUSH

SECRET

PAGE 04 STATE 091978

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE091978
Document Source: ADS
Document Unique ID: 00
Drafter: ARA:CAR:JRBURKE:JR
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D740180-0438
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740588/abbrzcsx.tel
Line Count: 141
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: EXDIS TOSEC 91 FOR THE SECRETARY AND MAW FROM EAGLEBURGER
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Aug-2002 by rowelle0>; APPROVED <03 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAMAICAN BAUXITE
TAGS: OGEN
To: DAMASCUS INFO ALEXANDRIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005